

The Analysis Of K Index Amount Policy To Increase The Profits Of Oil Palm Farmers And Entrepreneurship In Banjarmasin, South Kalimantan

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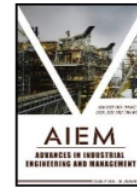
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RESEARCH ARTICLE

THE ANALYSIS OF "K" INDEX AMOUNT POLICY TO INCREASE THE PROFITS OF OIL PALM FARMERS AND ENTREPRENEURS IN BANJARMASIN, SOUTH KALIMANTAN

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ABSTRACT

The amount of the K Index is determined at least 1 (one) time every month by the Governor. The value of the K Index is carried out by the Head of Service on behalf of the Governor based on the recommendation of the FFB purchase price team. The proposed calculation of the K Index of each Palm Oil Processing factory (PKS) is tabulated or calculated by the FFB purchase price determination team to obtain the average K Index applicable to a region. This study aims to analyse the policy on the value of the K Index of palm oil used by oil palm companies and farmers to obtain information and analyse pricing that benefits farmers and oil palm entrepreneurs in Banjarmasin. The data analysis technique calculates the K Index through Policy No. 01//Permentan/KB.120/1/2018, formula used the calculation $K(P-1) = (HTBS(P-1)) / ((HCPO(P-1) \times RCPO(Akt\ PKS)) + (HPK(P-1)RPK(Akt\ PKS))) \times 100\%$. The sampling method used purposive sampling, on 11 companies. The results showed that there were differences in the K index each month depending on the selling price, processing and marketing costs of crude palm oil, as well as depreciation costs incurred. The difference in the calculation of the farmer's cost component comparing the total production cost with the production price, the Government is based on No 01//Permentan/KB.120/1/2018. Efforts are made to determine the difference of the K index if there is no win-win solution: there is guarantee of transparency from sales results, both export and local, between oil palm farmers and entrepreneurs. For documents of volume, prices and costs must be valid, so that the data is not presented unilaterally but by all parties. This research have been done only on companies that has Plantation Business License. The results showed that there were differences in the K index each month depending on the selling price, processing and marketing costs of crude palm oil, as well as depreciation costs incurred. The difference in the calculation of the farmer's cost component comparing the total production cost with the production price, the Government is based on No 01//Permentan/KB.120/1/2018.

KEYWORDS

K Index, Palm Oil Commodity, Price of Production, Production Cost, Oil Palm.

1. INTRODUCTION

Determination of the purchase price of Fresh Fruit Bunches (FFB) according to Government Regulation Number 01/Permentan/KB.120/1/2018 regarding the guideline. The K Index is determined at least 1 (one) time every month by the Governor (Taufik, 2005). The value of the K Index is carried out by the Head of Service on behalf of the Governor based on the recommendation of the FFB purchase price team. The proposed calculation of the K Index of each Palm Oil Processing factory (PKS) is tabulated or calculated by the FFB purchase price determination team to obtain the average K Index applicable to a region (Sofjan, 2007). Commodity oil palm in Banjarmasin is one of the main sectors that can contribute both to the output multiplier value and the income multiplier value for oil palm farmers and entrepreneurs are expected to get above average profit values.

This means that the oil palm plantation commodity sector in Banjarmasin is included in the priority sector because it can provide Regional Original Income for South Kalimantan. Based on data obtained from the Association of Indonesian Palm Oil Entrepreneurs in 2015, there were 64

companies and plantations and palm oil mills operating in Banjarmasin. This research is a follow-up study from what has been done by researchers (Dahnir and Yulianto, 2017; Dahnir et al., 2016). initial research on the value chain of the upstream to downstream industry which has not produced oil palm commodities optimally, because there is no linkage between oil palm farmers and oil palm entrepreneurs. The first product of oil palm plantations is fresh fruit bunches. Through these fresh fruit bunches, of course, they will later be processed to produce good and quality palm oil and palm kernel products. In producing quality palm oil, of course, it must be processed according to the standards and conditions set from the field until the production process ends (Dahnir and Nurfatiah, 2011). As for the number of fresh fruit bunches from the palm oil mill, it will be a benchmark for producing quality palm oil, palm oil, palm kernel oil and kernels.

2. HYPOTHESIS

There are differences in the results in the calculation of the K index of palm oil each month.

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Comparison of the calculation of the K index of oil palm farmers and entrepreneurs with the Regional Government.

3. RESEARCH METHODS

This research method uses descriptive analysis on 12 oil palm companies that already have plantation business permits, namely PT. Gawi Makmur Kalimantan (GMK), PT. Buana Karya Bhakti (BKB), PT. Sajang Heulang (SH), PT. Hasnur Citra Terpadu (HCT), PT. Kintap Jaya Wattindo (KJW), PT. Subur Agro Makmur (SAM), PT. Surya Bumi Tunggal (SBT), PT. Nusantara Plantation (PN), PT. Sinar Kencana Inti Perkasa (SKIP), PT. Palm Core Kahuripan Pattern (PKIS), PT. Alam Raya Kencana Mas (ARKM) as a company must have the requirements to establish and run an oil palm plantation business in Banjarmasin, South Kalimantan in the Banjarmasin area (David and Fred, 2006). Therefore, the determination of the sample was done purposively according to the needs of the study.

3.1 Data Analysis Techniques

The formula for calculating the K index uses the following formula:

$$K(P-1) = \frac{HTBS(P-1)}{(HCPO(P-1) \times RCP(Akt\ PKS)) + (HPK(P-1) \times RPK(Akt\ PKS))} \times 100\%$$

4. RESULTS AND DISCUSSION

4.1 K Index Analysis

Analysis of the determinants of the magnitude of the K Index where the value of this K index is used to determine the price of oil palm Fresh Fruit Bunches (FFB) guided by palm oil mill companies and farmers.

Table 1: Palm Oil FFB Price March 2021

No.	Description	Price
1	CPO	9.392,80
2	IS (Palm Kernel))	6.069,86
3	K Index	88,05%

Source: Plantation and Agriculture Office March 2021

Based on Table 1, the value of Crude Palm Oil (CPO) is Rp. 9,392.80 this value shows the amount of FFB production from palm oil mills, the quantity of FFB for Palm Kernel (IS) value is Rp. 6,069.86 while the K index value is 88. 0.05%. The value of the K Index is not the same every month depending on the selling price, the processing and marketing costs of crude palm oil, as well as the depreciation costs incurred. In March 2021 the value of the K Index rose from 87.33% to 88.05%. The value of the K Index is carried out by the Head of the Service on behalf of the Governor based on the recommendation of the FFB purchase price team (Darise and Nurlan, 2009). The proposed calculation of the K Index of each Palm Oil Processing factory (PKS) is tabulated or calculated by the FFB purchase price determination team to obtain the average K Index applicable to an area. The K Index is not the same every month, sometimes it can fluctuate up or down (Ministry of Industry, 2007). The factors causing these fluctuations depend on the selling price, the processing and marketing costs of crude palm oil, as well as the depreciation costs incurred.

4.2 Components Process Cost Method

In obtaining the value for determining the cost method of the production process through the calculation of the scope of costs incurred during the production process, each activity is calculated which includes one month at the earliest, 3 months at the intermediate level or one year at the longest (Friska, 2010). The costs calculated in the calculation of this K Index consist of direct costs and indirect costs used in each Business Unit. what is meant by direct costs are costs that can be charged directly to objects, costs, or products. Employee salaries are included in the direct costs of producing a product, and include the raw materials needed to produce certain goods (Gumbira et al., 2004). Then for indirect costs are advertising for product marketing, administrative costs, and so on. Indirect costs are often called overhead costs which are further divided into factory overhead costs, selling costs, and general and administrative costs. FFB pricing has several drawbacks, including:

4.2.1 Disproportionate Charges

The cost components mentioned above may change or be variable according to the amount of FFB production. This means that the costs

charged to farmers in units of Rp/kg of FFB distributed to factories will increase following the amount of FFB sold by farmers to factories (Mowen, 2006). In addition, not all of them are variable to the amount of FFB. Thus, there is a disproportionate imposition of processing and marketing costs that are calculated on the K index. In other words, that the large imposition of these costs will reduce the K index. A small K index means that the price of FFB will be low, which in turn will affect profits. farmers will receive (Philip and Armstrong, 2004). This situation is certainly a problem for the continuity of the nucleus-plasma partnership.

4.2.2 Distribution of Profits and Risks

Farmers face three sources of risk, namely: (1) a decrease in CPO prices, (2) an increase in the price of FFB production inputs, and (3) an increase in processing costs at the factory. Meanwhile, core companies tend to get stable margins (Palm oil Agribusiness Strategic Policy Institute, 2016). If the above occurs, especially risks to (1) and (3), the core company will not want to reduce its profit margin. Furthermore, what is common in the field is a decrease in the price of FFB that will be received by farmers so that the company's cost structure can be said to have not changed much (Mulyadi, 2007; Republic Of Indonesia, 2009). On the other hand, if risk (2) occurs, the core company assumes that the problem must be borne by the plasma farmers themselves (Minister of Agriculture Regulation No. 14/Permentan/OT.140/2/2013). Thus, the core company's profit margin will always be fixed but the plasma farmer's profit margin will fluctuate according to the prevailing conditions.

The price of FFB received by farmers is calculated based on the K Proportion Index. The K component, which is commonly referred to as the K proportion index, which refers to the Decree of the Minister of Forestry and Plantations as well as the Regulation of the Minister of Agriculture, is basically a percentage of the size of the farmers' rights above to the FFB price (McMillan et al., 2001; Law Number 33 of 2004, Jakarta). This number is usually below 100 percent because the numerator to determine K is smaller than the number in the denominator. In the process of determining the K index, the costs that must be borne by farmers are calculated starting from the FFB processing

Table 2: Age of FFB 2021

No.	Plant Age	Price
1	3 years	1,489.95
2	4 years	1,652.19
3	5 years	1,776.38
4	6 years	1,845.33
5	7 years	1,951.66
6	8 years	1,980.15
7	9 years	2,014.03
8	10 years	2,052.86
9	11 years	2,051.95
10	12 years	2,060.48
11	13 years	2,062.65
12	14 years	2,059.90
13	15 years	2,055.66
14	16 years	2,052.52
15	17 years	2,044.85
16	18 years	2,039.93
17	19 years	2,037.46
18	20 years	2,029.26
19	21 years	2,008.71

Source: Plantation and Agriculture Office 2021

Based on Table 2 above, it can be seen that the price of oil palm Fresh Fruit Bunches (FFB) is determined by the length of the planting age and the maturity level of the oil palm fruit, where the older the oil palm planting age, the higher the FFB price (Fatiah and Dahniar, 2014; Pears and Robinson, 2009). Another thing that determines the price of FFB is the yield value. To get a high yield value, one of the factors that must be considered is the maintenance of oil palm plants. An understanding of GAP (Good Agriculture Practices) is essential for smallholders to produce high quality palm fruit (Pahan and Iyung, 2008; Uma, 2009).

Table 3: Amount of K Index in 2021

No	Month	K Index (%)
1	January	88.02%
2	February	87.33%
3	March	88.05%
4	April	88.24%
5	May	88.45%
6	June	89.11%

Source: Plantation and Agriculture Office 2021

Based on Table 3 the magnitude of the K Index is not the same every month, sometimes it can fluctuate up or down (Shank and Govindarajan, 2000; Supriyono, 2003; Swastha and Sukotjo, 2002; Womack and Jones, 1990). The factors causing these fluctuations depend on the selling price, processing and marketing costs of crude palm oil, as well as depreciation costs that occur.

5. CONCLUSION

The results of this study can be concluded:

The difference in results in calculating the K Index of palm oil each month is not the same, it can fluctuate, sometimes it goes up or down this depends on differences in sales prices, processing and marketing costs for crude palm oil, as well as depreciation costs that occur. Regulation of the Minister of Agriculture Number 01/Permentan/KB.120/1/2018 The difference in the calculation of the cost component of farmers and entrepreneurs only compares the total cost of production with the price of production, while the calculation from the Government is always based on. There must be a guarantee for the transparency of the sales proceeds, both export and local. Documents of volume, price and cost should be valid, so that data is not presented unilaterally but is known by all parties/audiences if there is no win-win solution

SUGGESTION

Farmers and companies should include transportation costs as the cost of obtaining raw materials and not be classified as indirect costs. So, from the recording resulted in the assessment of raw materials is too low than it should be. In recording the cost of labor insurance, the company should separate the cost of labor insurance for the field and the cost of labor insurance for the office. In the recording of field labor insurance, indirect costs are included, and labor insurance costs for offices are included in general and administrative costs. So that the burden can be determined precisely, fairly and with accurate information. In recording labor costs, the company should separate costs for field workers and costs for office workers. In recording the costs for field labor are included in indirect costs, and office labor costs are included in general administrative costs. So that the burden can be determined appropriately, fairly and with accurate information.

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